UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
NEW YORK REGIONAL OFFICE
BROOKFIELD PLACE
200 VESEY STREET, SUITE 400
NEW YORK, NEW YORK 10281

January 22, 2016

Via Facsimile and UPS Overnight

Mr. Brent J. Fields, Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: In the Matter of Evelyn Litwok
A.P. File No. 3-16914

Dear Mr. Fields:

Enclosed please find the original (with exhibits) and three copies (without exhibits) of the Division of Enforcement's Notice of Motion For Default Judgment and Sanctions Against Respondent Evelyn Litwok ("Notice of Motion"), Memorandum of Law in Support, Declaration of Cynthia A. Matthews and Certificate of Service, submitted in connection with the above-referenced matter.

A copy of the Notice of Motion, Memorandum of Law in Support, Declaration of Cynthia A. Matthews (without exhibits), Certificate of Service and this letter, were faxed to the Secretary's Office at 703-813-9793 and courtesy copies of the same (with exhibits) were emailed to Judge Grimes at alj@sec.gov on the above date.

Respectfully submitted,

Cynthia A. Matthews
Senior Counsel
Division of Enforcement
(matthewsc@sec.gov)

cc: Judge James E. Grimes (by email)
Evelyn Litwok (by UPS and email)

CERTIFICATE OF SERVICE

Administrative Proceeding File No.3-16914, In the Matter of Evelyn Litwok

On this 22nd day of January, 2016, I hereby certify that I caused to be served true copies of the Division of Enforcement's Motion for Default Judgment and Sanctions Against Respondent Evelyn Litwok and the Declaration of Cynthia A. Matthews, dated January 22, 2016, in the above captioned case, to each party, and in the manner, listed below:

Office of the Secretary
Securities and Exchange Commission
100 F. Street, N.E.
Washington, DC 20549

Via UPS
and Facsimile (703) 813 9793

Honorable James E. Grimes
Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E. Mail Stop 2557
Washington, DC 20549-2557
ALJ@sec.gov

Via Email

Ms. Evelyn Litwok
[redacted]
New York, NY [redacted]
[redacted]

Via UPS and Email

Cynthia A. Matthews

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16914

In the Matter of

Evelyn Litwok,

Respondent.

DIVISION OF ENFORCEMENT'S NOTICE OF MOTION FOR DEFAULT JUDGMENT AND SANCTIONS AGAINST RESPONDENT EVELYN LITWOK

The Division of Enforcement, by counsel, respectfully moves the Court for Default Judgment and Sanctions Against Respondent Evelyn Litwok, pursuant to the United States Securities and Exchange Commission's Rules of Practice, Rule 155(a) and Section 203(f) of the Investment Advisers Act of 1940.

Dated: January 22, 2016

Respectfully submitted,

Cynthia A. Matthews (212) 336-0132
Howard Fischer (212) 336-0589
Securities and Exchange Commission
New York Regional Office
Brookfield Place
200 Vesey Street. Suite 400
New York, N.Y. 10281

COUNSEL FOR
DIVISION OF ENFORCEMENT

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16914

In the Matter of

Evelyn Litwok,

Respondent.

MEMORANDUM OF LAW IN SUPPORT OF THE DIVISION'S MOTION FOR DEFAULT JUDGMENT AND SANCTIONS AGAINST RESPONDENT EVELYN LITWOK

DIVISION OF ENFORCEMENT
United States Securities and Exchange Commission
Cynthia A. Matthews
Howard A. Fischer
New York Regional Office
Brookfield Place
200 Vesey Street, Suite 400
New York, N.Y. 10281
(212) 336-0132 (Matthews)
(212) 336-0589 (Fischer)

January 22, 2016

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I.

PRELIMINARY STATEMENT

The Division of Enforcement ("Division") respectfully submits this Memorandum of Law in Support of its Motion for a Default Judgment and Sanctions against Respondent Evelyn Litwok ("Litwok"), pursuant to the United States Securities and Exchange Commission's ("Commission") Rules of Practice ("SEC Rules of Practice"), Rule 155(a) and Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act"). In April 2013, Litwok was convicted of tax evasion in United States v. Evelyn Litwok, CR 02-00-427 (LDW) (E.D.N.Y.), in the United States District Court for the Eastern District of New York ("Criminal Court"). Based on Litwok's criminal conviction, the Commission issued the Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940 and Notice of Hearing ("OIP") against Litwok. Litwok was served with the OIP on November 3, 2015, but has not filed an Answer or otherwise defended this proceeding. Therefore, she is in default and the Court may deem the uncontested allegations of the OIP as true. In addition, as Litwok is collaterally estopped from challenging her conviction, the Court can rely on the factual findings and legal conclusions determined at the underlying trial. The record, as set forth below, demonstrates that it is appropriate and in the public interest for the Court to impose sanctions on Litwok. Accordingly, the Division respectfully requests that the Court bar Litwok from association with an investment adviser, broker, dealer, municipal securities dealer or transfer agent.[1]

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[1] The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") amended Section 203(f) of the Advisers Act to provide for collateral bars. 12 U.S.C. § 5301.

II.

PROCEDURAL BACKGROUND

The Commission issued the OIP in this matter on October 25, 2015.[2] The Division personally served Litwok on November 3, 2015. Matthews Decl. at ¶6, Ex. 3.[3] Litwok's Answer was due November 23, 2015. Id. at ¶8, Ex. 5. However, Litwok did not file an Answer by that date. Id. The Court held a telephonic prehearing conference on November 23, 2015, but only theDivision participated. Id. On November 24, 2015, the Court ordered Litwok to show cause by December 4, 2015, as to why she should not be held in default. Id. Litwok did not respond to the Order to Show Cause, file an Answer or otherwise defend this proceeding. Id.[4]

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[2] The Commission filed a civil injunctive action against Litwok on December 27, 2000 (SEC v. Litwok, 00 Civ. 7626 (DLI) (E.D.N.Y.)) ("Civil Action"), alleging that Litwok had solicited over $8 million from at least 30 investors by making numerous material misrepresentations and omissions, misappropriated over $2 million and lost the remainder of investor money through her options trading strategy (about which she failed to disclose the true level of risk). Declaration of Cynthia A. Matthews ("Matthews Decl.") at ¶4, Exhibit ("Ex.") 1. In January of 2011, at the Commission's request (based on, among other things, Litwok's recently-obtained Chapter 7 bankruptcy discharge and Litwok's criminal conviction), the District Court directed the administrative closure of the Civil Action, without prejudice to reopen the matter on the Commission's motion, while the Division pursued administrative proceedings against Litwok. Id. at ¶5, Ex. 2.

[3] The Commission's Office of the Secretary initially attempted to serve Litwok by certified mail at a different address associated with Litwok, but that mailing was returned. Id. at ¶7, Ex. 4.

[4] Litwok did communicate with the Division counsel twice. Matthews Decl. at ¶9. On November 24, 2015, before the Division received the Court's order of that date, Litwok called Division counsel and advised that she had received the OIP and related papers the Division had sent her, that she was staying at the address at which she had been served temporarily and that she was not sure how much longer she would remain at that address. Id. During that call, Division counsel advised Litwok that the Court had stated at the previous day's prehearing conference that it would issue an order to show cause ordering Litwok to file an Answer by December 4, 2015. Id. Also during that call, Division counsel provided Litwok with a phone number and email with which to reach the Court. Id. In addition, on January 15, 2016, the Division received a mailing from Litwok entitled: "Change of Address Effective February 1,

III.

STATEMENT OF FACTS

A. Respondent was Both an Unregistered Investment Adviser and Associated with an Unregistered Investment Adviser

Litwok, a resident of New York, was an unregistered investment adviser from approximately June 1994 through approximately October 1997, operating investment funds in East Hampton, New York. OIP ¶1.[5] Litwok was the principal of several corporations, also unregistered investment advisers, through which she conducted her investment advisory business, including Kohn Investment Management, Inc. ("KIM"), Kohn Capital Management, Inc.-33 ("KCM") and Kohn Investment Management II, Inc. ("KIM II"). Id.

Litwok formed KIM and was its president and sole shareholder. Matthews Decl., ¶¶10-12, Ex. 7, Ex. 8, Ex. 9 at p.25. KIM was the General Partner of Kohn Investment Partnership, L.P.-1 ("LP 1"), a limited partnership. Id. at ¶¶11, 12, Ex. 8, Ex. 9 at p.25. Litwok, through KIM, had "complete authority to manage both the assets and the affairs" of LP 1, was "solely responsible for the management and the investment strategy" of LP 1's business, and provided "operational and advisory services" to LP 1. Id. at ¶12, Ex. 9 at pp.11, 26. According to LP 1's Private Placement Memorandum ("LP 1 PPM"), Litwok was entitled "to compensation in the form of a percentage of the Profits." Id.

2016". Id. The Division emailed a copy of Litwok's letter to the Court at ALJ@sec.gov, that same date. Id.

[5] From 1984 to March 1994, Litwok was associated with various broker-dealers as a registered representative and held Series 7, Series 63 and Series 15 licenses. Id.

Litwok was the initial president of KCM and subsequently its managing director. Matthews Decl., ¶¶13, 14, Ex. 10, Ex. 11 at pp.5, 7, 26. KCM was the General Partner of Kohn Capital L.P.-33 ("LP 33"), a limited partnership. Id. at ¶16, Ex. 11. KCM was "solely responsible for the management and the investment strategy" of LP 33's business, and provided "operational and advisory services" to LP 33. Id. at ¶14, Ex. 11 at p.12. According to LP 33's Private Placement Memorandum ("LP 33's PPM"), KCM was "entitled to receive significant incentive allocation in the form of a percentage of the Profits." Id. Finally, Litwok incorporated KIM II and solicited one elderly investor, for whom she managed investments through KIM II. Id. at ¶17, Ex. 13. Litwok represented to the elderly investor, through a draft agreement between KIM II and the elderly investor, that KIM II would provide the elderly investor with investment services in exchange for a percentage of the profits earned on such investment. Id. at ¶17, Ex. 14. Litwok and the elderly investor also verbally agreed that the elderly investor would pay Litwok a percentage of the profits she earned for the investment services she provided to the elderly investor. Id. at ¶18, Ex. 15 at 32:12-16. Based on the foregoing, Litwok was an unregistered investment adviser and was associated with an unregistered investment adviser during the time of her misconduct. OIP ¶3.

B. Respondent's Criminal Conviction

A federal grand jury indicted Litwok on March 9, 2003, in a superseding indictment ("Superseding Indictment"), which charged Litwok with one count of mail fraud, arising from an allegedly fraudulent insurance claim, in violation of 18 U.S.C. § 1341, and three counts of tax evasion, in violation of 26 U.S.C. § 7201. (United States v. Evelyn Litwok, CR 02-00-427 (LDW) (E.D.N.Y.)). Matthews Decl., ¶19, Ex. 16. On February 26, 2009, a federal jury convicted Litwok

of all four counts of the Superseding Indictment. Id. at ¶20, Ex. 17.[6] On May 11, 2010, the Criminal Court sentenced Litwok to a prison term of 24 months, followed by five years of supervised release and ordered her to pay restitution in the amount of $23,551 (based on the fraudulent insurance claim). Id. Litwok appealed her conviction, but began serving her sentence of imprisonment. Id. at ¶26, Ex. 23, p.6. On September 8, 2011, the Second Circuit ordered Litwok released on bail, id. at ¶25, Ex. 22, and on April 30, 2012, reversed her conviction on the 1996 and 1997 calendar year tax evasion charges and vacated the conviction on the mail fraud and remaining tax evasion charge, remanding them to the District Court for retrial. Id. at ¶26, Ex. 23.

The government re-tried Litwok on the remaining tax evasion charge, alleging specifically that Litwok, on or about August 15, 1996:

> did knowingly and willfully attempt to evade ... a substantial income tax due and owing by her to the United States of America for the calendar year 1995 by failing to file an Individual Income Tax Return ... and by failing to pay income taxes to the Internal Revenue Service.... and by concealing and attempting to conceal from all proper officers of the United States of America her true assets.

Matthews Decl., ¶19, Ex. 16. At trial, the government argued that the personal income for which Litwok failed to file a return was income that Litwok took from the investment funds that she managed in calendar year 1995. Id. at ¶27, Ex. 24,15:16-20. A former Internal Revenue Service ("IRS") agent testified for the government that Litwok's calendar year 1995 net income was $2.3

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[6] Based on this conviction, the Commission instituted a follow-on administrative proceeding against Litwok, on January 14, 2011, pursuant to Section 203(f) of the Advisers Act. Id. at ¶21, Ex. 18. The Division moved for summary disposition, Litwok filed responsive pleadings and the ALJ issued an Initial Decision barring Litwok from association with an investment adviser, dated August 4, 2011. The ALJ did not impose a Dodd-Frank collateral bar because, at the time, neither the Commission nor the courts had approved application of the Dodd-Frank provisions to conduct pre-dating Dodd-Frank in any litigated case. Id. at ¶22, Ex. 19, p.5.) The Commission dismissed the proceeding following the Second Circuit's opinion vacating Litwok's 2009 conviction (see discussion infra at p.5.). Id. at ¶23, Ex. 20.

million. Id., 265:2-11. The agent, crediting Litwok with expenses of $250,000 (rounding up from $198,000, evidenced by bank records and testimony at trial, to give Litwok the benefit of the doubt), id., 265:18-266:12, determined that Litwok owed taxes on a net income of $2,050,000. Id., 266:9-12. More specifically, the agent determined that Litwok failed to pay taxes totaling approximately $790,392. Id., 267:1-15, 268:11-13. The agent testified that Litwok's tax return was originally due to be filed on August 15, 1996 (she had received an extension from the original April 15, 1996 deadline). Id., 191:11-20.

The federal jury convicted Litwok on this count on January 18, 2013. OIP ¶3.[7] The Criminal Court sentenced Litwok to 24 months imprisonment with credit for time served, restitution of $1,097,534 and three years of supervised release. Id. at ¶29, Ex. 26.[8] At sentencing, Litwok continued to contest her conviction. Id., 6:24-10:22. On Litwok's appeal, the Second Circuit upheld Litwok's conviction. Id. at ¶30, Ex. 27.

During the trial, the government introduced testimony that Litwok withdrew more management fees from the LP-1fund than she was entitled to for the calendar year of 1995, id., 66:20-67:11; 211:1-212:6, and that Litwok used this money to pay personal expenses, such as deposits and payments on a house (id., 71:11-22), jewelry and cars (id.,143:5-145:14) and a hot tub. Id., 152:7-155:4. A second IRS agent testified for the government that Litwok did not file personal tax returns for calendar years 1992 through 1997, although Litwok sought extensions of time to file those returns. Id., 186:23-194:16. At sentencing, the Criminal Court emphasized

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[7] At sentencing, the government advised the Court that it intended to dismiss the remaining mail fraud count against Litwok upon completion of the appeals process. Id. at ¶28, Ex. 25, p.16.

[8] The Criminal Court's restitution figure incorporated the amount of tax Litwok owed for calendar years 1996 and 1997. See id. at ¶30, Ex. 27, p.6.

Litwok's dishonesty, saying "you've misstated so many things to so many people for so much, it is almost impossible to tell which is the truth and which is not." id., 11:25-12:2, and "everything you've said, nobody can believe." Id. at 12:9. The Second Circuit, in upholding Litwok's conviction, concluded that the government had established at trial that:

> Litwok made all of the financial decisions for her companies and knew about her duty to file her taxes, but repeatedly thwarted the efforts of three separate accounting firms to actually complete the returns.

Id. at ¶30, Ex. 27, p.4.

IV.

ARGUMENT

Section 203(f) of the Advisers Act authorizes sanctions against Litwok. The factual record here establishes that it is appropriate and in the public interest to impose such sanctions. Litwok is in default, as she failed to file an Answer within 20 days after she was served with the OIP (SEC Rules of Practice, Rule 220(b)) and failed to respond to the Court's Order to Show Cause. As Litwok is in default, the Court may deem the allegations of the OIP true. SEC Rules of Practice, Rule 155(a). In addition, the Court should accept as true the facts and legal conclusions underlying Litwok's conviction, see Gary M. Kornman, IA Rel. No. 2840, 2009 SEC LEXIS 367, at *28 (Feb. 13, 2009), pet. denied, Kornman v. SEC, 592 F.3d 173 (D.C. Cir. 2010) (in Section 203(f) follow-on proceeding based on conviction for making a false statement to Commission staff, respondent prevented from relitigating factual findings or legal conclusions of underlying criminal proceeding); Jose P. Zollino, ID Rel. No. 308, 2006 SEC LEXIS 475, at *6 (Mar. 2, 2006) (In Section 203(f) follow-on proceeding, respondent foreclosed from arguing that the facts concerning his money laundering and wire fraud conviction were not proven) (citations

omitted), including court opinions describing facts established at the criminal trial. See Gregory Bartko, Securities Exchange Act Rel. No. 71666, 2014 SEC LEXIS 841, at *44 and n.69-70 (Mar. 7, 2014) (Court order that summarized evidence and denied respondent's motions for a new criminal trial properly considered in conducting public interest analysis in Section 203(f) follow-on proceeding) (citations omitted). The uncontested evidence submitted in support of this motion establishes that Litwok's misconduct was egregious. Accordingly, the Division believes a collateral bar is the appropriate sanction for Litwok.

A. The Requirements for Section 203(f) Sanctions Are Met

1. Litwok's Conviction for Tax Evasion Provides the Basis for Sanctions Under Section 203(f) of the Advisers Act

Section 203(f) of the Advisers Act authorizes the Commission to bar an individual "associated with an investment adviser, seeking to become associated, or, at the time of the alleged misconduct, associated or seeking to become associated with an investment adviser" if the individual has been "convicted" within ten years of the commencement of these proceedings, of any felony or misdemeanor involving, among other things, an offense specified in Sections 203(e)(2) or (3). Section 203(e)(3) includes any crime that is not described in Section 203(e)(2) and is punishable by imprisonment for one or more years.

Here, tax evasion, while not specifically identified in Section 203(e)(2), is a felony, punishable by one or more years of imprisonment, 26 U.S.C. § 7201, and thus falls within the purview of Section 203(e)(3). Litwok was convicted on January 16, 2013. The Commission instituted this proceeding on October 21, 2015, within 10 years of Litwok's conviction. Thus Litwok's tax evasion conviction provides a statutory basis to sanction Litwok.

2. Litwok was an Investment Adviser and was Associated with an Investment Adviser at the Time She Committed the Misconduct Underlying her Conviction

Litwok was both an unregistered investment adviser and was associated with an unregistered investment adviser at the time she committed the misconduct underlying her criminal conviction. An investment adviser is a person or an entity "who, for compensation, engages in the business of advising others ... as to the advisability of investing in, purchasing, or selling securities." 15 U.S.C. § 202(a)(11); Goldstein v. SEC, 451 F.3d 876 (D.C. Cir. 2006) (General partner of a hedge fund is an investment adviser within the meaning of the Advisers Act). The adviser need not be registered. Martin A. Armstrong, IA Rel. No. 2926, 2009 SEC LEXIS 3159, at *8 n.7 (Sept. 17, 2009) (founder, chairman and owner of unregistered investment adviser subject to Commission jurisdiction under Section 203(f) of the Advisers Act), citing Teicher v. SEC, 177 F.3d 1016, 1017-18 (D.C. Cir. 1999); see, e.g., Kornman, 2009 SEC LEXIS 367, at *19 (Feb. 13, 2009) (respondent sole managing member of unregistered hedge fund's general partner was associated person of an investment adviser and subject to Commission jurisdiction under Section 203(f)) (citations omitted).

Litwok was an investment adviser to LP 1 and LP 33, through her management companies KIM and KCM-33, respectively. Litwok controlled and made all financial decisions for her investment companies. Litwok was also an investment adviser to the elderly investor. As detailed above, Litwok represented to LP 1, LP 33, and to the elderly investor, that she would invest their funds in securities. Moreover, the partnership agreements for LP 1 and LP 33 gave entities controlled by Litwok, or with which she was associated, a percentage of net trading profits as a management fee for each fund. In addition, Litwok's agreement with the elderly investor (as

evidenced by both the draft agreement that Litwok provided to the elderly investor and Litwok's oral representations to her, indicated that Litwok was to receive a percentage of the profits she earned for the elderly investor. Accordingly, Litwok was engaged, for compensation, in the business of advising others on investing in securities and was associated with KIM, KCM and KIM II, each of which was an investment adviser. Litwok was an unregistered investment adviser from 1994 to 1997 and committed the tax evasion on or about August 15, 1996. Accordingly, she was an unregistered investment adviser at the time of the misconduct.

B. A Collateral Bar On Litwok is Appropriate and in the Public Interest

The record here establishes that it is appropriate and in the public interest to impose a collateral bar on Litwok from association with an investment adviser, broker, dealer, municipal securities dealer or transfer agent.[9]

In determining whether administrative sanctions are in the public interest, the Commission considers the factors enumerated in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981):

> the egregiousness of the respondent's actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the respondent's assurances against future violations, the respondent's recognition of the wrongful nature of his conduct, and the likelihood that the respondent's occupation will present opportunities for future violations.

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[9] The fact that Litwok's fraudulent scheme took place before the Dodd-Frank Act amendments became effective does not preclude this Court from imposing the collateral relief the Division seeks. See Ross Mandell, Exchange Act Rel. No. 71668, 2014 SEC LEXIS 849, at *3-4 (Mar. 7, 2014) ("collateral bars are available as prospective remedies under the securities laws and are not impermissibly retroactive"). The Division does not seek a municipal advisor or rating agency bar in light of the decision in SEC v. Koch et al., 793 F.3d 147, 157-58 (D.C. Cir. 2015 (holding bars from association with municipal advisors or nationally recognized statistical rating organizations cannot be imposed retroactively where violations occurred pre-Dodd Frank).

Mandell, 2014 SEC LEXIS 849, at *5-6 (citations omitted). The inquiry is a flexible one and no one factor is dispositive. Id. The Commission also considers the deterrent effect of administrative sanctions, Schield Mgmt. Co., Exchange Act Rel. No. 53201, 2006 SEC LEXIS 195, at *35 n.46 (Jan. 31, 2006). In this regard, industry bars are considered an effective deterrent. Guy P. Riordan, Exchange Act Rel. No. 61153, 2009 SEC LEXIS 4166, at *81 n.107 (Dec. 11, 2009), pet. denied, 627 F.3d 1230 (D.C. Cir. 2010).

A collateral bar is the appropriate sanction for Litwok here. Litwok's misconduct -- her conviction for tax evasion -- was egregious. Litwok failed to pay almost $800,000 in income tax on income of over $2 million from her investment advisory business.[10] She actively concealed her true assets from the IRS, by "thwart[ing] the efforts of three different accounting firms to complete the returns." The Criminal Court recognized the egregiousness of her conduct by sentencing her to a 24-month term of imprisonment and restitution of over $1 million. Moreover, Litwok's misconduct was not isolated; the scope of her misconduct was broad in that she prevented three different accounting firms from completing the returns.

Litwok acted with a high level of scienter; the jury convicted her of "knowingly and willfully" evading the payment of taxes. See e.g., John Bravata, ID Rel. No. 737, 2015 SEC LEXIS 196 at *17 (Jan. 16, 2015) (respondents, convicted of conspiracy to commit wire fraud and other offenses, barred in Section 203(f) follow on proceeding where their conduct -- willfully and knowingly participating in a scheme to defraud -- involved a high degree of scienter); Kornman,

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[10] Litwok's conduct is all the more egregious considering that the income on which Litwok failed to pay taxes was investor money that, according to the trial testimony, was in excess of what Litwok was entitled to and that Litwok used to pay personal expenses, such as payments on houses, jewelry, cars and a hot tub.

2009 SEC LEXIS 367, at *10 (respondent barred based on high degree of scienter shown where conviction for making a material false statement required that he act "knowingly and willfully").

Litwok has made no assurances that she will not commit future violations; in fact, she has never acknowledged or accepted responsibility for her wrongful conduct. A respondent's failure to recognize the wrongfulness of his or her actions raises serious concerns about the likelihood that that he or she will commit future violations. David G. Ghysels, IA Rel. No. 3085, 2010 SEC LEXIS 3079, at *11 (bar imposed on respondent who failed to acknowledge wrongful conduct and asserted evidence at trial was insufficient to establish the crime of which respondent was convicted). Moreover, Litwok continues to contest her criminal conviction. See e.g., Richard P. Callipari, ID Rel. No. 48713, 2003 SEC LEXIS 3268 at *12 (Sept. 30, 2003) (Commission imposed bar where defendant contested his conviction stating, "consistent with a vigorous defense of the criminal and administrative charges against him, [Respondent] has not fully acknowledged the wrongful nature of his conduct.").

Finally, any opportunity Litwok has to work again in the securities industry presents opportunity for future violations and poses a threat to the investing public. At sentencing the Criminal Court emphasized Litwok's dishonesty, stating that "everything you've said, nobody can believe." Matthews Decl. at ¶27, Ex. 24, 12:9. Litwok has shown herself to be dishonest and deceitful, both to the IRS, her accountants and to the detriment of the investing public. See e.g., Don Warner Reinhard, ID Rel. No. 396, 2011 SEC LEXIS 158, at *28 (Jan. 14, 2011) (conviction for making false statements on income tax return demonstrated dishonesty unsuitable for the securities industry and was a basis for imposition of a Section 203(f) bar). As the Commission has noted:

> [t]he importance of honesty for a securities professional is so paramount that we have barred individuals even when the conviction was based on dishonest conduct unrelated to securities transactions or securities business.

Kornman, 592 F.3d 173, 180 (D.C. Cir. 2010) (citations omitted); see also Reinhard, 2011 SEC LEXIS 158, at *21 n.27 (same) (citations omitted).

The record in this case demonstrates that Litwok's misconduct was egregious, not isolated in scope or practice, done with a high level of scienter and that Litwok has provided no indication that she will not commit the same misconduct if given the opportunity. As Litwok poses a continuing threat to the investing public, the Division respectfully submits that a collateral bar against Litwok is appropriate and in the public interest.

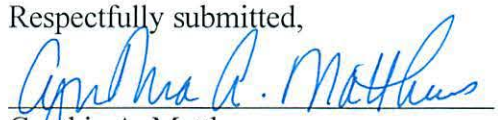
V.

CONCLUSION

For the reasons set forth above, the Division respectfully submits that the Commission find Litwok in default and bar Litwok from association with an investment adviser, broker, dealer, municipal securities dealer or transfer agent.

January 22, 2016

Respectfully submitted,



Cynthia A. Matthews
Howard A. Fischer
Securities and Exchange Commission
New York Regional Office
Division of Enforcement
3 World Financial Center, Suite 400
New York, New York 10281
(212) 336-0132 (Matthews)
(212) 336-0589 (Fischer)
matthewsc@sec.gov
fischerh@sec.gov